



DOLPHIN INTERNATIONAL BERHAD (1001521-X)

QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	31 MARCH 2018	31 MARCH 2017	31 MARCH 2018	31 MARCH 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	1,390	1,817	1,390	1,817
Cost of sales	(753)	(785)	(753)	(785)
Gross Profit	637	1,032	637	1,032
Other income	220	349	220	349
Administrative expenses	(2,586)	(2,411)	(2,586)	(2,411)
Loss from operations	(1,729)	(1,030)	(1,729)	(1,030)
Finance costs	(462)	(584)	(462)	(584)
Loss before tax	(2,191)	(1,614)	(2,191)	(1,614)
Income tax expenses	-	654	-	654
Loss for the period	(2,191)	(960)	(2,191)	(960)
Loss attributable to:				
Owners of the Company	(2,196)	(941)	(2,196)	(941)
Non-controlling interests	5	(19)	5	(19)
	(2,191)	(960)	(2,191)	(960)
Loss per share attributable to				
Owners of the Company				
- Basic (sen)	B10	(0.90)	(0.42)	(0.90)
- Diluted (sen) (Note 2)	B10	(0.90)	(0.42)	(0.90)

Notes:

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes to the interim financial report.

(2) Diluted LPS is not applicable for individual quarter and period ended 31 March 2018 as it has an anti-dilution effect.



QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS PERIOD ENDED 31 MARCH 2018 RM'000	3 MONTHS PERIOD ENDED 31 MARCH 2017 RM'000	3 MONTHS PERIOD ENDED 31 MARCH 2018 RM'000	3 MONTHS PERIOD ENDED 31 MARCH 2017 RM'000
Loss for the period	(2,191)	(960)	(2,191)	(960)
OTHER COMPREHENSIVE LOSS				
Exchange difference arising on translation of foreign operations	(278)	(11)	(278)	(11)
Other comprehensive loss, net of tax	(278)	(11)	(278)	(11)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(2,469)	(971)	(2,469)	(971)
Total comprehensive loss attributable to:				
Owners of the Company	(2,474)	(952)	(2,474)	(952)
Non-controlling interests	5	(19)	5	(19)
	<u>(2,469)</u>	<u>(971)</u>	<u>(2,469)</u>	<u>(971)</u>
	-	-	-	-

Notes:

The Unaudited Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes to the interim financial report.



QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 MARCH 2018 RM'000 (Unaudited)	AS AT 31 DECEMBER 2017 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	28,322	28,672
Work in progress for property, plant and equipment	18,852	14,709
Investment properties	191	192
Development costs	17,284	17,212
Goodwill on consolidation	295	295
	64,944	61,080
CURRENT ASSETS		
Inventories	195	357
Trade receivables	11,055	12,659
Other receivables, deposit and prepayment	1,658	1,804
Amount due from customers for contract works	1,923	2,009
Fixed deposits with licensed banks	6,177	5,152
Cash and bank balances	1,986	4,233
	22,994	26,214
TOTAL ASSETS	87,938	87,294
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	81,560	81,560
Foreign currency translation reserve	305	504
Reserve arising from reverse acquisition	(23,145)	(23,145)
Retained loss	(34,881)	(32,685)
Shareholders' Fund	23,839	26,234
Non-controlling interests	(79)	(84)
TOTAL EQUITY	23,760	26,150
NON-CURRENT LIABILITIES		
Hire purchase payables	196	266
Bank borrowings	21,789	10,366
Provision for Retirement Benefits	20	22
Deferred tax liabilities	231	231
Amount due to Director	4,000	4,000
	26,236	14,885
CURRENT LIABILITIES		
Amount due to customers for contract works	505	289
Trade payables	5,338	6,267
Other payables and accruals	15,756	17,413
Hire purchase payables	192	380
Bank borrowings	4,776	5,921
Tax payables	22	19
Bank overdrafts	11,353	15,970
	37,942	46,259
TOTAL LIABILITIES	64,178	61,144
TOTAL EQUITY AND LIABILITIES	87,938	87,294
Number of ordinary shares at RM0.20 each	244,200	244,200
Net Assets per share attributable to ordinary equity owners of the Company (sen)	9.8	10.7

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes to the interim financial report.



DOLPHIN INTERNATIONAL BERHAD (1001521-X)

QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Owners of the Company							Total Equity RM'000
	Non-Distributable				Distributable		Non- Controlling Interests RM'000	
	Share Capital RM'000	Share Premium RM'000	Reserve Arising from Reverse Acquisition RM'000	Foreign Currency Translation Reserve RM'000	Retained (Loss)/Profit RM'000	Sub-total RM'000		
Current period-to-date ended 31 MARCH 2018								
As at 1 January 2018	48,785	32,775	(23,145)	583	(32,685)	26,313	(84)	26,229
Translation with owners								
(Loss)/profit for the period	-	-	-	-	(2,196)	(2,196)	5	(2,191)
Other Comprehensive loss for the period	-	-	-	(278)	-	(278)	-	(278)
Total comprehensive loss for the period	-	-	-	(278)	(2,196)	(2,474)	5	(2,469)
Proceeds from issuance of shares	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	48,785	32,775	(23,145)	305	(34,881)	23,839	(79)	23,760
Corresponding period-to-date ended 31 MARCH 2017								
As at 1 January 2017	44,400	32,775	(23,145)	583	24,454	79,067	68	79,135
Translation with owners								
Arising from the acquisition of subsidiary companies	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(941)	(941)	(19)	(960)
Other Comprehensive Loss for the period	-	-	-	(11)	-	(11)	-	(11)
Total comprehensive loss for the period	-	-	-	(11)	(941)	(952)	(19)	(971)
Balance as at 31 March 2017	44,400	32,775	(23,145)	572	23,513	78,115	49	78,164

Note:

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes to the interim financial report.



QUARTERLY REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED 31 MARCH 2018 <u>RM'000</u>	CORRESPONDING PERIOD ENDED 31 MARCH 2017 <u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(2,191)	(1,614)
Adjustments for:		
Depreciation of property, plant & equipment	140	268
Amortisation of investment properties and leasehold land	13	13
Impairment loss on Trade Receivables	-	37
(Gain)/loss on disposal of property, plant and equipment	(197)	-
Interest income	(1)	(340)
Interest expenses	462	587
Unrealised (gain)/loss on foreign exchange	(19)	70
Operating (loss)/profit before working capital changes	(1,793)	(979)
Changes in Working Capital		
Inventories	152	(91)
Trade and other receivables	1,418	18,847
Trade and other payables	(1,521)	(5,729)
Amount due from contract customers	10,295	-
Net cash from/(used) in operations	8,551	12,048
Income tax paid	(9)	(908)
Tax refund	317	-
Interests paid	(306)	(566)
Interests received	1	340
Net Operating Cash Flows	8,554	10,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(41)
Work in progress for property, plant and equipment	(14,137)	(7,785)
Proceeds from disposal of property, plant and equipment	383	5,433
Additional development costs	(71)	(75)
Net Investing Cash Flows	(13,825)	(2,468)
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits pledged as security values	(1,025)	(3,500)
Repayment of hire purchase payables	(252)	(89)
Net change in bills payables	(1,260)	(9,113)
Drawdown/(Repayment) of term loans	11,537	(2,245)
Net changes in amount due to directors	(1,187)	(111)
Interests paid	(156)	(23)
Net Financing Cash Flows	7,657	(15,081)
Net change in cash and cash equivalents	2,386	(6,635)
Effects of exchange rate changes	(17)	(43)
Cash and cash equivalents at the beginning of the period	(11,736)	4,015
Cash and cash equivalents at the end of the period	(9,367)	(2,663)
Cash and cash equivalents comprise of:		
Fixed deposits with licensed banks	6,177	6,954
Cash and bank balances	1,986	7,481
Bank overdrafts	(11,353)	(10,371)
	(3,190)	4,064
Less: Fixed deposits pledged as security values	(6,177)	(6,727)
	(9,367)	(2,663)

Notes :

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the notes to the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes to the interim financial report.



DOLPHIN INTERNATIONAL BERHAD (1001521-X)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRSs") 134

A1 Basis of Preparation

The interim financial report of Dolphin International Berhad ("DIB" or the "Company") and its subsidiaries (the "Group") are unaudited and has been prepared in accordance with MFRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

A2 Significant Accounting Policies

The significant accounting policies and presentations adopted by the Group for this interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2017 except for the adoption of the following amendments/improvements to MFRSs which are applicable to the Group with effect from 1 January 2018:-

Amendments/Improvements to MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

The adoption of the above amendments/improvements to MFRSs did not result in any significant impact on the Group's results and financial position.

A3 Seasonal or Cyclical Factors

The Group does not experience significant fluctuations in operations due to seasonal factors.

A4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A5 Changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review.

A7 Dividend Paid

No dividend was paid during the current financial quarter under review.

A8 Segmental Information

(a) Analysis of revenue and segmental results

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
- Provision of milling systems and solutions	115	1,349	115	1,349
- Supply of parts and maintenance services	1,275	468	1,275	468
Total Revenue	1,390	1,817	1,390	1,817
	-	-	-	-
Segment Results				
- Provision of milling systems and solutions	(1,572)	(560)	(1,572)	(560)
- Supply of parts and maintenance services	(241)	(85)	(241)	(85)
- Investment holding and management services	(378)	(315)	(378)	(315)
Total Loss after Tax	(2,191)	(960)	(2,191)	(960)
	-	-	-	-



DOLPHIN INTERNATIONAL BERHAD (1001521-X)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A8 Segmental Information (Continued)

(b) Analysis of revenue by geographic markets

Revenue	Current Quarter			Cumulative Quarter		
	3 months ended 31 March 2018			3 months ended 31 March 2018		
	External Sales	Inter-segment	Total	External Sales	Inter-segment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	857	-	857	857	-	857
Overseas	533	-	533	533	-	533
Consolidated	1,390	-	1,390	1,390	-	1,390

A9 Material Events Subsequent to the end of the current financial quarter

There were no material events subsequent to the end of the current financial quarter.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A11 Contingent Liabilities or Contingent Assets

There were no material contingent liabilities as at the end of the current financial quarter and up to the date of this report.

A12 Capital Commitments

Save as disclosed below, there were no other material capital commitments as at the end of the current financial quarter and up to the date of this report.

Capital expenditure approved and contracted for but not provided for in the financial statements

As at 31.3.2018
RM'000
23,013

A13 Significant Related Party Transactions

There were no significant related party transactions during the current financial quarter under review.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR

B1 Review of Performance

Comparison with preceding year's corresponding quarter

The Group recorded a decrease in revenue by RM0.43 million for the current quarter under review as compared to the preceding year's corresponding quarter revenue of RM1.82 million (Q1, 2017). The Group recorded a loss before taxation ("LBT") of RM2.19 million for the current quarter under review compared to the preceding year's corresponding quarter loss before tax ("LBT") of RM1.61 million. The decrease in revenue and higher LBT is due to our current focus on internal group projects for the construction of biogas plant under a build, own, operate and transfer ("BOOT") model and the enhancement and optimisation program under a build, own and operate ("BOO") model. These two assets are captured under non-current asset as work in progress for property, plant and equipment ("PPE") amounting to RM18.85 million.

B2 Comparison with Preceding Quarter's Results

The Group's revenue when compared to the immediate preceding quarter decreased by 70% from RM4.58 million to RM1.39 million due to completion of projects in the preceding quarter. Nevertheless, the newly secured project to supply, fabricate, delivery to site, installation, testing, commissioning and guarantee of clean air emission system "Electrostatic Precipitator System ("ESP")" in quarter 1, 2018 will start generating revenue in quarter 3, 2018.

B3 Prospects

The Group is implementing its new business strategy and direction to secure new projects under a build-own-operate or build-own-operate-transfer model which will be able to provide a more sustainable and consistent income stream. In addition, the Group is also planning to diversify and improve its income source by moving into the palm oil milling market. Notwithstanding the aforesaid, the Board of Directors expects the Group's performance for the financial year ending 31 December 2018 to remain challenging.

B4 Variance of actual profit from Profit forecast and Profit Guarantee

The Group did not provide any profit forecast or profit guarantee in any form of public documentation or announcement.

B5 Taxation

	Current Quarter 31.3.2018 RM'000	Cumulative Quarter 31.3.2018 RM'000
Tax payable	-	-
Current period	-	-
Deferred Taxation	-	-
	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory rate of 24% of the estimated assessable profit for the fiscal year.

B6 Status of corporate proposals

Save as disclosed below, there were no other corporate proposals announced but not yet completed as at the date of this quarterly announcement.

a) Utilisation of Proceeds from the initial public offering ("IPO")

On 19 November 2015, the Company had announced that the Board has resolved to vary the utilisation of the remaining proceeds from the IPO of:

- (i) RM11.0 million that was allocated for renovation and extension of factory (which includes the purchase of additional machineries); and
- (ii) RM4.0 million that was allocated for set-up of a research and development facility.

for a new factory cum office building held under the freehold individual title HS(D) 121082 PT 39502 Mukim Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan bearing postal address No. 20, Jalan Industri PBP 9, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor Darul Ehsan measuring approximately 2,462.77 square meters in area to be acquired by Dolphin Applications Sdn Bhd instead of renovation and extension of its existing factory in Shah Alam.

The status of utilisation of the proceeds of RM31.28 million from the IPO are as follows :

Purpose	Proposed Utilisation	Actual Utilisation	Variance	Timeframe for utilisation from the date of Listing	Extended timeframe for
	RM'000	RM'000	RM'000		
Renovation and extension of factory	11,000	7,172	3,828	Within 24 months	8 June 2018
Set up of a R&D facility	4,000	4,000	-	Fully utilised	
Working capital	6,080	6,080	-	Fully utilised	
Repayment of bank borrowings	6,000	6,000	-	Fully utilised	
Estimated listing expenses	4,200	4,200	-	Fully utilised	
Total	31,280	27,452	3,828		

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 20 May 2015 and the announcement dated 19 November 2015.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

b) Utilisation of Proceeds from Private Placement

On 5 June 2017, KAF announced on behalf of the Company the proposed Private Placement of up to 27,700,000 new Shares, representing up to ten percent (10%) of the issued and paid-up share capital of the Company (assuming full exercise of all the 55,500,002 outstanding warrants) of which the approval from Bursa Securities was obtained on 25 July 2017.

On 29 September 2017, the Company placed out a total of 11,100,000 new Shares pursuant to the first placement tranche of the Private Placement.

On 26 October 2017, the Company placed out a total of 11,100,000 new Shares pursuant to the second placement tranche of the Private Placement.

The details and status of utilisation of the total proceeds of RM4.38 million are as follows:-

Purpose	Proposed Utilisation	Actual Utilisation	Variance	Timeframe for utilisation
	RM'000	RM'000	RM'000	
Secured project	2,469	2,469	-	Within 6 months
Working capital	1,815	1,815	-	Within 6 months
Estimated placement expenses	100	100	-	Within 1 month
Total	4,384	4,384	-	

B7 Group's Borrowings and Debt Securities

The Group's borrowings as at 31 March 2018 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured :-			
Bank overdrafts	11,353	-	11,353
Bank borrowings	4,776	21,789	26,565
Hire purchase liabilities	192	196	388
Total	16,321	21,985	38,306

All borrowings are denominated in Ringgit Malaysia.

B8 Off Balance Sheet Financial Instruments

There is no off balance sheet financial instruments as at the date of this quarterly report.

B9 Material Litigation

PT Dolphin Indonesia ("the subsidiary") Vs PT Arka Jaya Mandiri ("PTAJM")

On 8 December 2017, the Subsidiary's solicitors' filed a Writ of Summons ("Suit") at the High Court of Indonesia for Rp12,542,812,878 (together with interest deemed appropriate by the Court), being the total amount claimed from PTAJM.

B10 Loss Per Share ("LPS")

The basic LPS for the current quarter and financial year to date are computed as follows

(a) Basic LPS

	3 months ended		Year-to-date	
	31.3.2018 RM'000	31.3.2017 RM'000	31.3.2018 RM'000	31.3.2017 RM'000
Loss attributable to ordinary equity owners of the Company	(2,196)	(941)	(2,196)	(941)
Weighted average number of ordinary shares of RM 0.20 each in issue ('000)				
- number of ordinary shares in issue since 1st January ('000)	244,200	222,000	244,200	222,000
	<u>244,200</u>	<u>222,000</u>	<u>244,200</u>	<u>222,000</u>
Basic LPS (sen)	(0.90)	(0.42)	(0.90)	(0.42)



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B10 Loss Per Share ("LPS") (Continued)

The diluted LPS for the current quarter and financial year to date are computed as follows

(b) Diluted LPS

	3 months ended		Year-to-date	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	RM'000	RM'000	RM'000	RM'000
Loss attributable to ordinary equity owners of the Company	(2,196)	(941)	(2,196)	(941)
Weighted average number of ordinary shares of RM 0.20 each in issue ('000)				
- number of ordinary shares in issue since 1st January ('000)	244,200	222,000	244,200	222,000
- Assume full conversion of warrants ('000)	*	*	*	*
	<u>244,200</u>	<u>222,000</u>	<u>244,200</u>	<u>222,000</u>
Diluted LPS (sen)	<u>(0.90)</u>	<u>(0.42)</u>	<u>(0.90)</u>	<u>(0.42)</u>

* Not taken into account in the computation of diluted LPS because the effect is anti-dilutive.

The computation for diluted LPS is not applicable for individual quarter and period ended 31 March 2018 as it has an anti-dilution effect.

B11 Dividends

No dividends has been declared or proposed for the current financial quarter under review.

B12 Notes to the Condensed Consolidated Statement of Profit or Loss

	3 months ended		Year-to-date	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging:-				
Interest expenses	462	587	462	587
Rental expenses	176	64	176	64
Impairment loss on Trade Receivables	-	37	-	37
Amortisation and depreciation of property, plant and equipment and Investment property	153	281	153	281
After crediting:-				
Interest Income	1	340	1	340
Gain on disposal of property, plant and equipment	197	-	197	-
(loss)/Gain on foreign exchange				
- Realised	(19)	(129)	(19)	(129)
- Unrealised	19	(70)	19	(70)

Other disclosure items pursuant to Appendix 9B Note 16 of the MMLR of Bursa Securities are not applicable.

B13 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2018.